



COMMONWEALTH of VIRGINIA

Virginia Information Technologies Agency

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MEMORANDUM

TO: Commonwealth IT Solutions Committee Members

CC: Jim McGuirk, Jerry Simonoff, Dan Ziomek

FROM: Lem Stewart 

DATE: June 18, 2008

I wanted you to know that my staff and I are fully committed to supporting the Commonwealth Information Technology Solutions Committee consistent with the Chairman's guidance in his June 13 letter. Staff will work with the Chairman on meeting schedules and agendas.

In an effort to ensure effective project management in evaluating the yellow and red projects, we have an additional issue that will need your attention at the next meeting. The Department of Motor Vehicles (DMV) is in the process of implementing an agency mission critical system for driver licensing without CIO or ITIB approvals. We have taken action to require the agency to fully comply with the Commonwealth Technology Management Policy and supporting Project Management Standard and have directed that an Independent Verification and Validation (IV&V) be conducted coincident with project initiation to determine the health of the project.

I have reached an understanding with the DMV Commissioner, D.B. Smit, that the DMV driver licensing major IT project must go forward in the interest of the citizens of the Commonwealth. Pending ITIB approval, I am allowing the project to move forward in the interim. Basically, VITA will decide where the system is to be hosted, but there will be some equipment owned and operated by CBN, the Canadian company DMV signed a contract with in February of this year, due to proprietary software and security reasons. We agreed the final outcome must be consistent with how the current driver license vendor performs similar DMV licensing work.

We do have some issues and challenges to deal with, such as accountability among the parties for supporting new Real ID work for DMV, network design, security and server configuration analysis. The server item could be both a budget and capacity issue for DMV but that analysis has not yet been performed by Northrop Grumman since we were not invited to participate in the analysis that was done by DMV a couple of years ago. According to Commissioner Smit, DMV made the basic assumption in their budgeting and project planning that the VITA servers that currently support DMV work would have sufficient capacity to support the new project and that those servers (now managed by NG) would not need to be replaced due to age. DMV and VITA will quickly pull together a team to review all these items.

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We will work our way through the issues and keep you posted. I do want you to know that DMV's strategic plans over the past two years describe this project as a turn-key contract with no significant impact on the current Commonwealth's infrastructure. Today, we find ourselves in a position that clearly will demand dedicated Northrop Grumman and VITA staff resources to facilitate implementation of this large project in a very short window to avoid an impact on citizens since the current vendor has notified DMV they will in fact discontinue operations in support of the current system by the end of June 09. This can hardly be described as turn-key so we are under the gun for delivery, and I must say inappropriately so, since DMV was non-compliant with established requirements of the *Code of Virginia*.

I wanted to bring this issue to your attention and recommend that the Committee notify DMV of the requirement to appear before you to present the major IT project for your consideration and recommendation to the full Board at the July 17 meeting. In addition, I recommend to the Committee that DMV also be required to explain their non-compliant actions and that the Committee consider reprimands for two *Code* violations related to this project. Attached is a history of the project and summary of issues. PMD staff can answer any questions or provide any additional information you may desire.

Specific *Code* violations:

1. DMV launched planning and implementation of a mission-critical major IT project without authorization from the CIO or the ITIB. Agency mission critical systems are referenced in *Code* as requiring these approvals. I don't think anyone will argue that this is a mission critical system, including DMV.
2. The CIO delegated this procurement in May 2005 to DMV, prior to the partnership, authorizing DMV to procure a \$16 million multi-year contract for Drivers License Central Issue. The procurement was represented as a "turn-key" outsourcing for production of drivers' licenses (fee per license). DMV has acknowledged the value of the signed contract is now approximately \$40 million, a 300% increase in spending. DMV did not request an amendment to its agency strategic plan or seek authorization for this significant change in the procurement.

As for formal reprimand, I recommend for Committee consideration that in the event of a reoccurrence of the major IT project issue that any project will be immediately suspended pending receipt of *Code* required approvals. For the procurement issue, in the event of a reoccurrence, I recommend all future procurement delegation be withdrawn for a period of one year.